

**TOWNSHIP OF DENTON**  
**ROSCOMMON COUNTY, MICHIGAN**  
**AUDITED FINANCIAL STATEMENTS**  
**MARCH 31, 2008**

## **TOWNSHIP OFFICIALS**

SUPERVISOR

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TREASURER

CAROLYN PIETCHAK

## **TRUSTEES**

PAULA M. FULLER

ROBERT SMITH

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## **INDEPENDENT AUDITOR'S REPORT**

June 1, 2008

To the Township Board  
Denton Township  
Roscommon County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Denton, Roscommon County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Denton, Roscommon County, Michigan as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2008, on our consideration of the Township of Denton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages 3 through 7 and budgetary comparison information on pages 37 through 42, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Denton's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Township. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

*Keskine, Cook, Miller & Alexander LLP*  
KESKINE, COOK, MILLER & ALEXANDER, LLP



Roscommon County - - - The Playground of Michigan



## **TOWNSHIP OF DENTON**

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OFFICE (989) 366-5913 FAX (989) 366-7123  
**On Beautiful Houghton Lake**

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### **TOWNSHIP OF DENTON MANAGEMENT'S DISCUSSION & ANALYSIS YEAR ENDED MARCH 31, 2008**

The following is a discussion and analysis of the annual financial report of the Township's financial performance for the fiscal year ended March 31, 2008 by management. Please read it in conjunction with the financial statements, which immediately follow this section.

#### **FINANCIAL HIGHLIGHTS**

Our financial status remained stable. Net assets as of March 31, 2008 totaled \$6,637,927.00. Of this total, \$2,212,725.00 represents capital assets net of depreciation and related debt. Overall, assets decreased \$98,000.00 from the prior year.

Revenues totaled \$3,403,157.00. \$3,331,773.00 came from Governmental activities, and \$71,384.00 from business-type activities. Expenses for governmental activities were \$3,356,328.00 and \$78,000.00 for business-type activities.

The taxable value of the Township increased over \$15,185,049.00 or 6 percent, compared to 7 percent the previous year.

Major assets acquired last year were significant. A new ambulance building at over \$900,000.00 was the largest single expense. Liabilities totaled 2,492,736. \$1,120,000 is related to bonded sewer debt, and \$1,107,000 is owed to the U.S.D.A for the Ambulance Building. Overall liabilities increased approximately \$1,000,000.

Long-term debt with the USDA, Rural Development was approved in 2006 in the amount of \$1,250,000 for the new ambulance facility. As of March 31, 2008, the Township has drawn \$1,125,000.00 against the bond.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The report consists of three parts, management discussion and analysis, the financial statements, and required supplementary information. The financial statements include entity-wide statements and fund financial statements.

## ENTITY-WIDE FINANCIAL STATEMENTS

The entity wide statements report information about the entity as a whole using accounting methods used by private companies. The statement of net assets includes all of the entity's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities. Net assets are an indicator of an entity's financial health.

Over time, trends in an entity's net assets serve as an indicator of whether financial position is improving or deteriorating.

Other factors such as changes in the tax base, condition of facilities, and personnel changes should be considered in assessing the overall fiscal health of an entity.

The majority of reported activities of the Township are governmental. These include the general fund, road fund, police fund, and fire fund. The sewer fund is treated as a business activity as the revenues pay for the operations of the activity.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the Township's funds, focusing on the major funds, not the Township as a whole. The funds account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township board may create additional funds. The funds are established to account for funding and spending of specific financial resources and to show proper expenditure of the resources.

The Township has the following types of funds:

**Governmental Funds:** The majority of the Township's activities are included in the governmental fund category. These funds are presented by the modified accrual method, which is designed to show short-term financial information. The differences between the government-wide statements and the fund statements are disclosed in reconciling the statements and explain the differences between them. The governmental funds of the Township include: General, Road, Fire, Police, Mobile Home, Recreational, Park, Ambulance, and Street Lights.

**Proprietary Funds:** These funds represent activities of the Township that are similar to activities performed by private companies. These funds are designed to generate revenues adequate to pay for the operations of the activity. These funds are presented on a full accrual method and use the same format as the government-wide statements and fund statements presentation. The Township's proprietary fund is Sewer.



**Fiduciary Funds:** The Township is a trustee or fiduciary for assets that belong to others. The Township maintains these funds and is responsible for insuring that the assets of the funds are spent for their intended purpose and at the direction of the individuals or organizations to which the funds belong. The Tax Collection Fund and McKinley Shores Seawall are Fiduciary Funds.

## **FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE**

**Net Assets:** The Township's combined net assets decreased approximately \$98,000.00 during the year ended March 31, 2008 and totaled \$6,637,927.00.

The decrease is the result of Depreciation Allowance exceeding Fixed Asset Purchases during the year.

**Governmental Activities:** The net assets for governmental activities increased \$187,000

**Business Type Activities:** The net assets for business-type activities decreased \$7,400,000

The net assets decreased because the Township contributed its fixed assets in the sewer department to the Houghton Lake Sewer Authority.

## **FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS**

**GENERAL FUND:** This fund records all activities not required to be recorded in a separate fund. The activities included are zoning, elections, maintenance, assessing, cemetery, community building, and township officials budgets. The major source of revenue for the general fund is state revenue sharing and the allocated millage on the tax base. Other sources are fees for services such as zoning fees, tax collection fees, and rent income.

The General Fund Budget for Denton Township for the 2007-2008 Budget year was close to the estimate for Revenue. Expenses for the General Fund, in most cases were close to the budgeted amounts. Several General Fund expense accounts are well under budget as some projects were delayed due to the uncertainty about State Revenue Sharing. Budgeted expenses were estimated by averaging the last 3 years and adjusted for expected trends. Upcoming projects, expected major repairs, equipment purchases, and other large expense items were added.

**ROADS:** The fund records income and expenses for county owned streets within the Township. The major revenue source is the voted township millage. A significant amount of revenue comes from the Roscommon County Road Commission allocation of funds between the townships. The funds are used for paving, curbing, and other improvements to the streets.

**FIRE:** The fund covers the activities of the townships volunteer on call paid fire department. The department is millage supported with revenue from fire protection contracts with other townships.

**POLICE:** The police fund is millage supported with other revenues from liquor license inspections, fees for insurance reports, and miscellaneous income.

**PARKS:** The fund covers activities for the township park system. The system includes the soccer fields, baseball field, pavilion, and beaches. The main source of income for the fund is from the general fund. There is no voted millage specifically for parks. In past years, grant income has been a significant source of revenue.

**AMBULANCE:** The revenues and expenses for the ambulance service is recorded by this fund. The fund is millage supported with approximately 35 percent of total revenue derived from the millage. Insurance fees from Medicare, Blue Cross, and other insurances provide the bulk of the remaining income. Mutual aid fees, ALS intercept fees, and training program fees are other sources of revenue. Donations from private individuals have been a significant source of revenue in past years.

**STREETLIGHTS:** The fund provides the revenue to pay utility costs and other operational costs of the program. The fund is millage supported.

**COMMERICAL REHAB:** This fund is a revolving fund that loans money to established business owners in the township. Start up funding was provided many years ago by a grant. Revenue for the fund comes from bank interest on retained funds, loan payments, and loan interest.

**TRASH/COMPOST:** This fund is supported by a special assessment on residential units in the township. Other sources of funding are the general fund, recycling revenue, commercial user fees, and grant income.

**MOBILE HOME PARK:** This fund is wholly supported by user fees charged to park users. Camping fees and lot rents are the main sources of revenue.

**SEWER:** The fund is now mainly inactive. All fixed assets were transferred to the Houghton Lake Sewer Authority. The Authority now controls all three sewer plants. Remaining funds will be used to pay off the remaining sewer bonds. The only income to the fund is interest received and one remaining quarterly payment from the Authority.

## **CAPITAL ASSET AND LONG-TERM DEPT ACTIVITY**

**Capital Assets.** The major asset acquired was the new ambulance building for \$1,162,000.00. Other major capital purchases were a police car for \$26,000.00. A skid steer and baler for recycling for \$14,500.00. Infrared camera for the Fire Department for \$7,100.00 and new computer equipment and mower for the Ambulance Department for \$23,165.00.

**Long-term Debt.** The Township did acquire new long term debt in 2007-2008 with the completion of the Ambulance Building. The loan from the USDA Rural Development will be repaid over 30 years. The Township has long term sewer debt that will be paid off in 2014.

### **Future Considerations**

The growth of Denton Township needs to be considered in any type of planning for the Township. The pace of commercial development remains slow. Four projects were approved during the year, with only the Walgreen's project being completed this year.

Residential development was down from prior years. An income based apartment complex with 20 units was completed and another 48-unit complex is still pending from last year. Housing starts were down for the year. Demand for Police and EMS services has risen faster than population growth.

The Township is following the Road Soft Road Maintenance Program adopted by the Roscommon County Road Commission this year. If the Township continues the same level of funding, all local roads should be in good condition in five years. The maintenance of infrastructure is vital to the quality of life for residents. The cost of maintaining and improving the township roads will be a major factor in future budgets.

The Township is continuing to upgrade existing parks and other infrastructure, such as streetlights. The purchase of 123 Lake Street for a lakefront park has been delayed and is scheduled to be completed by the fall of 2008. Approximate cost to the Township will be about \$350,000.00 with the DNR Grant paying a similar amount.

Work on the upgrade of the South Harrison Road Sewer Facility is progressing on schedule and should be completed by Fall, 2009.

### **Contacting Entity Management**

The report is designed to provide an overview of Denton Township's financial position and the accounting procedures used. If you have questions concerning this report please contact Fred Chidester, Supervisor, at 2565 S. Gladwin Rd, P.O. Box 289, Prudenville, MI 48651.

  
Fred Chidester, Supervisor

  
Carol A. Asher, Clerk

**TOWNSHIP OF DENTON  
STATEMENT OF NET ASSETS  
MARCH 31, 2008**

	<b>Governmental Activities</b>	<b>Primary Government Business Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash	\$ 1,525,378	\$ 468,186	\$ 1,993,564
Investments	500,379	819,498	1,319,877
Receivables	321,949	-	321,949
Delinquent Taxes Receivable	-	-	-
Inventories	18,000	-	18,000
Due from Fiduciary Fund	1,983,295	-	1,983,295
<b>Total Current Assets</b>	<b>4,349,001</b>	<b>1,287,684</b>	<b>5,636,685</b>
<b>Non-Current Assets:</b>			
Capital Assets	5,764,344	-	5,764,344
Accumulated Depreciation	(2,270,366)	-	(2,270,366)
<b>Total Non-Current Assets</b>	<b>3,493,978</b>	<b>-</b>	<b>3,493,978</b>
<b>Total Assets</b>	<b>7,842,979</b>	<b>1,287,684</b>	<b>9,130,663</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	10,900	-	10,900
Accrued Liabilities	80,583	-	80,583
Current Portion of Long-Term Debt	50,142	190,000	240,142
<b>Total Current Liabilities</b>	<b>141,625</b>	<b>190,000</b>	<b>331,625</b>
<b>Long-Term Liabilities:</b>			
Notes Payable	143,111	-	143,111
Bonds Payable	1,088,000	930,000	2,018,000
Lease Obligations	-	-	-
<b>Total Long-Term Liabilities</b>	<b>1,231,111</b>	<b>930,000</b>	<b>2,161,111</b>
<b>Total Liabilities</b>	<b>1,372,736</b>	<b>1,120,000</b>	<b>2,492,736</b>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Related Debt	2,212,725	(1,120,000)	1,092,725
Unrestricted	4,257,518	1,287,684	5,545,202
<b>Total Net Assets</b>	<b>\$ 6,470,243</b>	<b>\$ 167,684</b>	<b>\$ 6,637,927</b>

See accompanying notes to financial statements.

**TOWNSHIP OF DENTON**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED MARCH 31, 2008**

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSET		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ (741,266)	\$ 167,086	-	\$ -	\$ (574,180)	\$ -	\$ (574,180)
Community and Economic Development	(39,737)	20,874	-	-	(18,863)	-	(18,863)
Health & Welfare	(1,057,847)	658,930	-	-	(398,917)	-	(398,917)
Parks & Recreation	(150,520)	20,140	-	-	(130,380)	-	(130,380)
Public Safety	(475,646)	9,087	8,537	-	(458,022)	-	(458,022)
Public Works	(683,556)	3,426	-	-	(680,130)	-	(680,130)
Interest on Long-Term Debt	(7,756)	-	-	-	(7,756)	-	(7,756)
<b>Total Governmental Activities</b>	<b>(3,356,328)</b>	<b>879,543</b>	<b>8,537</b>	<b>-</b>	<b>(2,468,248)</b>	<b>-</b>	<b>(2,468,248)</b>
<b>BUSINESS-TYPE ACTIVITIES</b>							
Sewer System	(7,468,337)	2,500	-	-	-	(7,465,837)	(7,465,837)
<b>Total Primary Government</b>	<b>\$ (10,824,665)</b>	<b>\$ 882,043</b>	<b>\$ 8,537</b>	<b>\$ -</b>	<b>(2,468,248)</b>	<b>(7,465,837)</b>	<b>(9,934,085)</b>
<b>GENERAL REVENUES</b>							
Property Taxes:							
Levied for General Purposes					410,097	-	383,642
Levied for Public Safety Services					659,134	-	518,607
Levied for Public Works Services					269,276	-	257,638
Levied for Health & Welfare Services					582,543	-	365,716
State Shared Revenue (not restricted to specific purpose)					407,924	-	397,567
Miscellaneous					158,091	-	456,327
Investment Earnings					168,245	70,532	224,081
<b>TOTAL GENERAL REVENUES</b>					<b>2,655,310</b>	<b>70,532</b>	<b>2,725,842</b>
<b>CHANGE IN NET ASSETS</b>					<b>187,062</b>	<b>(7,395,305)</b>	<b>(7,208,243)</b>
<b>NET ASSETS - APRIL 1</b>					<b>6,283,181</b>	<b>7,562,989</b>	<b>13,846,170</b>
<b>NET ASSETS - MARCH 31</b>					<b>\$ 6,470,243</b>	<b>\$ 167,684</b>	<b>\$ 6,637,927</b>

TOWNSHIP OF DENTON  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2008

	GENERAL	AMBULANCE	TRASH	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
<b>ASSETS</b>					
Cash and Equivalents	\$ 787,901	\$ 335,648	\$ (165,555)	\$ 567,384	\$ 1,525,378
Investments	266,972	233,407	-	-	500,379
Accounts (Net of Allowances)	-	80,881	-	-	80,881
Due from Other Funds	443,212	393,293	313,220	833,570	1,983,295
Inventories	-	18,000	-	-	18,000
Total Assets	1,498,085	1,061,229	147,665	1,400,954	4,107,933
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities</b>					
Accounts Payable	10,900	-	-	-	10,900
Accrued Liabilities	18,011	-	-	-	18,011
Total Liabilities	28,911	-	-	-	28,911
<b>Fund Equity</b>					
Fund Balance					
Undesignated	1,469,174	1,043,229	147,665	1,400,954	4,061,022
Reserved	-	18,000	-	-	18,000
Total Fund Equity	1,469,174	1,061,229	147,665	1,400,954	4,079,022
Total Liabilities and Fund Equity	\$ 1,498,085	\$ 1,061,229	\$ 147,665	\$ 1,400,954	\$ 4,107,933

See accompanying notes to financial statements

**TOWNSHIP OF DENTON  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
MARCH 31, 2008**

<b>TOTAL FUND EQUITY - GOVERNMENTAL ACTIVITIES (PER BALANCE SHEET - PAGE 10)</b>	<b>\$</b>	<b>4,079,022</b>
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Amounts reported for governmental activities in the Statement of  
Net Assets (page 8) are different because

Capital assets used in governmental activities are not current financial resources and therefore are not recorded in the funds. This represents the amounts by which capital assets used in governmental funds exceeds accumulated depreciation.		3,493,978
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Long-term receivables are not current financial resources and are therefore not reported on the governmental funds balance sheet.		241,068
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Long-term liabilities, including notes/bonds payable and accrued liabilities are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet		(1,343,825)
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<b>TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (PER THE STATEMENT OF NET ASSETS - PAGE 8)</b>	<b>\$</b>	<b>6,470,243</b>
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**TOWNSHIP OF DENTON**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED MARCH 31, 2008**

	GENERAL	AMBULANCE	TRASH	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL
<b>REVENUES</b>					
Taxes and Assessments	\$ 410,097	\$ 383,969	\$ 313,220	\$ 813,764	\$ 1,921,050
State Grants	407,924	-	-	8,537	416,461
Charges for Services	167,086	658,930	-	29,227	855,243
Rent	14,100	-	-	-	14,100
Licenses and Permits	2,816	-	-	-	2,816
Interest	128,268	17,649	-	22,328	168,245
Other	16,397	161,187	3,441	85,307	266,332
Total Revenues	1,146,688	1,221,735	316,661	959,163	3,644,247
<b>EXPENDITURES</b>					
General Government	697,377	-	-	-	697,377
Public Safety	-	-	-	377,113	377,113
Public Works	160,292	-	382,667	303,061	846,020
Health and Welfare	-	883,373	-	-	883,373
Community and Economic Develop	39,737	-	-	-	39,737
Recreation and Culture	-	-	-	66,475	66,475
Capital Outlay	-	876,132	12,300	169,490	1,057,922
Debt Service	-	46,166	-	37,726	83,892
Total Expenditures	897,406	1,805,671	394,967	953,865	4,051,909
Excess (Deficiency) of Revenues Over Expenditures	249,282	(583,936)	(78,306)	5,298	(407,662)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating Transfers	(314,735)	-	120,537	194,198	-
Loan Proceeds	-	770,000	-	-	770,000
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(65,453)	186,064	42,231	199,496	362,338
Fund Balance - April 1	1,534,627	875,165	105,434	1,201,458	3,716,684
Fund Balance - March 31	\$ 1,469,174	\$ 1,061,229	\$ 147,665	\$ 1,400,954	\$ 4,079,022

See accompanying notes to financial statements



**TOWNSHIP OF DENTON  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
MARCH 31, 2008**

<b>NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS</b>		<b>\$ 362,338</b>
<b>- PAGE 12</b>		

Amounts reported for governmental activities in the Statement of Activities (page 9) are different because:

Governmental funds do not report long-term debt; therefore, debt service payments are recorded as expenditures. However in government-wide financial statements, long term debt is recorded as a liability and payments are applied against the outstanding balances.		48,676
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are capitalized and depreciation charged to expense over their useful life.		
Current year asset additions		822,160
Current Year Depreciation allowance		(226,502)

Governmental funds report loan proceeds as other financing sources. However, in the statement of activities, loan proceeds are recorded as debt.		(770,000)
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Long-term receivables/payables recorded in the statement of activities in previous years now recorded in governmental fund statements.		(49,610)
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<b>CHANGE IN NET ASSETS - GOVERNMENTAL ACTIVITIES (PER THE STATEMENT OF ACTIVITIES - PAGE 9)</b>		<b>\$ 187,062</b>
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TOWNSHIP OF DENTON  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
MARCH 31, 2008

	<b>SEWER FUND</b>
	<hr/>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Equivalents	\$ 1,287,684
	<hr/>
Total Assets	1,287,684
	<hr/>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Current Portion of Long-Term Debt	190,000
<b>Long-Term Debt:</b>	
Notes / Bonds Payable	930,000
	<hr/>
Total Liabilities	1,120,000
	<hr/>
<b>NET ASSETS</b>	
Invested in Capital Assets Net of Related Debt	(1,120,000)
Unrestricted	1,287,684
	<hr/>
Total Net Assets	\$ 167,684
	<hr/>

See accompanying notes to financial statements.

**TOWNSHIP OF DENTON**  
**STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
**YEAR ENDED MARCH 31, 2008**

	<u>SEWER FUND</u>
<b>OPERATING REVENUES</b>	
Usage Fees and Other	\$ 2,500
<b>OPERATING EXPENSES</b>	
Houghton Lake Sewer Authority	2,950
	<u>(450)</u>
Operating Loss	
<b>NON-OPERATING REVENUE</b>	
Interest Income on Investments	<u>70,532</u>
<b>NON-OPERATING EXPENSES</b>	
Interest on Bonds	26,100
Loss on transfer of Net Capital Assets to HLSA	7,439,287
	<u>7,465,387</u>
Total Non - Operating Expenses	
	<u>(7,394,855)</u>
Non - Operating Loss	
	<u>(7,395,305)</u>
Net Loss	
Fund Net Assets- April 1	<u>7,562,989</u>
Fund Net Assets - March 31	<u><u>\$ 167,684</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF DENTON  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED MARCH 31, 2008**

	<u><b>SEWER FUND</b></u>
<b>Cash Flows From Operating Activities:</b>	
Cash received from customers	\$ 33,939
Cash payments to suppliers for goods and services	<u>(2,950)</u>
Net Cash Provided by Operating Activities	<u>30,989</u>
<b>Cash Flows From Capital Financing Activities:</b>	
Principal paid on bonded debt	(185,000)
Interest paid	<u>(26,100)</u>
Net Cash Used by Capital Financing Activities	<u>(211,100)</u>
<b>Cash Flows From Investing Activities:</b>	
Interest earned on investments	<u>70,532</u>
Net Cash Provided by Investing Activities	<u>70,532</u>
Net Increase (decrease) in Cash	(109,579)
Cash and Equivalents - April 1	<u>1,397,263</u>
Cash and Equivalents - March 31	<u><u>\$ 1,287,684</u></u>
<b>Reconcillation of operating income to net cash provided by operating activities</b>	
Operating Income	\$ (450)
Adjustments to reconcile operating income to net cash provided by operating activities	
Decrease in accounts receivable and current assets	<u>31,439</u>
Net cash provided by operating activities	<u><u>\$ 30,989</u></u>

See accompanying notes to financial statements

**TOWNSHIP OF DENTON  
STATEMENT OF FIDUCIARY NET ASSETS  
MARCH 31, 2008**

	<u>AGENCY FUNDS</u>
<b>ASSETS</b>	
Cash	\$ 1,983,295
	<u>1,983,295</u>
<b>LIABILITIES</b>	
Due to Township	1,983,295
	<u>1,983,295</u>

See accompanying notes to financial statements.

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE A: ENTITY**

The Township of Denton is a General Law Township of the State of Michigan, located in Roscommon County, Michigan. It operates under an elected Board and provides services to its residents in many areas including law enforcement, community enrichment, and human services. The criteria for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service and special financing relationships. On this basis, the financial statements include all of the governmental functions of Denton Township. The entities included in these financial statements are as follows:

**HOUGHTON LAKE SEWER AUTHORITY**

The Townships of Roscommon, Denton and Lake formed the Houghton Lake Sewer Authority, a joint venture, in 1973 for the purpose of operating, maintaining, administering and managing a sanitary sewage disposal facility for the benefit of the aforementioned three Townships and for any other Township or municipality which thereafter joins in and becomes part of such sewer system and the related agreement, all for the betterment of the health, safety, economy and general welfare of the participating municipalities.

Pursuant to the formation of the Authority, the Roscommon County Department of Public Works issued \$2,420,000 of bonds whereupon each Township assumed the responsibility of reimbursing the County for their respective share of the total bonds issued. These bonds were fully retired.

Various other Roscommon County Department of Public Works bonds were issued to help defray the cost of the subsequent additions. All Roscommon County debt has been retired.

A schedule of indebtedness is included in Note H to detail bond issues outstanding attributed to Denton Township. The Township has levied special assessments based on a front footage to aid in the payment of bonded debt. In addition, an annual service charge may be levied to provide for any bonded debt not recoverable by the special assessment.

The Authority is a separate operating entity and is not included in these financial statements. The Authority's activity is audited under separate cover. Copies of the Financial Statements for the Houghton Lake Sewer Authority may be obtained from the Authority whose address is P.O. Box 8 Houghton Lake, MI 48629.

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE A: ENTITY (CONTINUED)**

**HOUGHTON LAKE IMPROVEMENT BOARD**

In 2000, the Houghton Lake Improvement Board was formed under authorization of Natural Resources and Environmental Protection Act 451 of 1994, by resolution of the boards of Denton, Markey, Lake, and Roscommon Townships of Roscommon County. The Board was formed for the purpose of protecting and improving the water quality of Houghton Lake from the infection of nonnative plants and vegetation that threaten the water quality of the lake.

The Board formed a special assessment district composed of all parcels of land and local units which will be benefited from the improvements. The special assessment district includes properties in Denton, Markey, Lake, Roscommon Townships. It is funded by a special assessment, contributions from participating Townships, and state appropriations.

The Board is a separate entity and is not included in these financial statements.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**INTRODUCTION**

The accounting and reporting framework and the more significant accounting principles and practices of Denton Township are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations, including required disclosures, of the Township's financial activities for the fiscal year ended March 31, 2008.

The accounting policies of Denton Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

On April 1, 2004, Denton Township adopted the new governmental reporting model and implemented Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and Statement No. 38 "Certain Financial Statement Note Disclosures".

Under the provisions of GASB Statements No. 34 and 38, the focus of the Township's financial statements has shifted from a fund focus to a government-wide focus.

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENT PRESENTATION**

***Government-Wide Financial Statements***

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities such as tax collection activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

***Fund Financial Statements***

Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.



**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**FUND TYPES AND MAJOR FUNDS**

***Governmental Funds***

The Township reports the following major governmental funds:

*General Fund* - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state grants, interest, and other intergovernmental revenues.

*Ambulance Fund* – This fund is used to account for all financial transactions of the ambulance services provided by Denton Township. Revenues are derived from property taxes and charges for services.

*Trash Pick Up Fund* – This fund is used to account for all financial transactions related to trash pick up services provided by Denton Township. Revenues are derived from special assessments, user fees, recycling income, and grant income.

The Township reports, in total, the following non-major funds:

Street Lights, Mobile Home, Police, Fire, Recreational/Park, and Roads.

***Proprietary Funds***

The Township reports the following major proprietary fund:

*Enterprise Funds* - Enterprise funds report operations that provide services which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes. The Township maintains a Sewer Fund in this category.

***Other Funds***

*Fiduciary Funds* - These funds are used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

***Government-Wide Financial Statements***

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Township departments. Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

***Governmental Fund Financial Statements***

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

***Governmental Fund Financial Statements (Continued)***

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

**Property Taxes**

The property tax calendar is as follows:

Lien Date	December 31, 2006	
Levy Dates	July 1, 2007	(summer collection)
	December 1, 2007	(winter collection)
Due Dates	September 15, 2007	(summer collection)
	February 15, 2008	(winter collection)

The real property tax rolls were turned over to the County of Roscommon on March 1, 2008. Collection of personal property taxes remains the responsibility of the Township. Amounts collected after the due date, are assessed interest and/or penalty provisions. A county revolving fund normally pays the balance of the Township's real property tax levy by May 31. The entire Township levy is recorded as revenue in the current year.

The tax rates for the year ended March 31, 2008, were as follows:

<u>PURPOSE</u>	<u>RATE/TAXABLE VALUATION</u>
General	1.4667 per \$1,000
Fire	.9786
Roads	.4893
Police	1.0000
Street Lights	.4893
Ambulance Operating	<u>1.3954</u>
Total Millage	<u>5.8193</u>

***Proprietary Fund Financial Statements***

Operating income reported in proprietary fund financial includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**LONG-TERM DEBT, DEFERRED DEBT EXPENSE, AND BOND DISCOUNTS/PREMIUMS**

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effect of interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

**BUDGETS**

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The Board normally adopts the budget just prior to April 1. The budgets as presented in these financial statements have been amended as necessary throughout the year. They were adopted using the modified accrual method of accounting. They expire on March 31 of each year. There are no carryover items.

**USE OF ESTIMATES**

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

**INVENTORY**

Inventory is stated at estimated cost.

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE B: SUMMARY OF ACCOUNTING POLICIES (CONTINUED)**

**CAPITAL ASSETS AND DEPRECIATION**

The Township's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in the respective fund financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of \$2,500 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	40
Improvements, other than buildings	15 – 40
Mobile equipment	3 – 10
Furniture, machinery, and equipment	5 – 15
Sewer system	75

For information describing capital assets, see Note F.

**NOTE C: CASH, CASH EQUIVALENTS AND INVESTMENTS**

**COMMON BANK ACCOUNT**

For investment purposes the Township maintains cash from several funds in common bank accounts. Balances belonging to each fund are as follows:

General Fund	\$ 787,901
Fire Fund	306,088
Recreational Park Fund	17,199
Road Fund	40,902
Trash Pickup Fund	(165,555)
Police Fund	(50,434)
Street Lights Fund	156,251
Mobile Home Park Fund	97,378
Ambulance Fund	<u>335,648</u>
Total	<u>\$ 1,525,378</u>

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE C: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**COMMON BANK ACCOUNT (CONTINUED)**

Cash consists of bank accounts or securities with original maturities of 90 days or less.

**CASH AND INVESTMENTS**

All cash deposits are maintained in financial institutions in Michigan. The Township's pooled and non-pooled deposits are categorized to give an indication of the level of risk assumed by the Township at fiscal year-end. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the Township or by its agent in the Township's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the Township's name.
- Category 3 - Uncollateralized.

	<u>BANK BALANCE</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>CARRYING AMOUNT</u>
Pooled Deposits	\$ 1,601,078	\$ 300,000	\$ -	\$ 1,301,078	\$ 1,525,378
Sewer	<u>1,287,684</u>	<u>100,000</u>	<u>-</u>	<u>1,187,684</u>	<u>1,287,684</u>
Total Cash Deposits	<u>\$ 2,888,762</u>	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 2,488,762</u>	<u>\$ 2,813,062</u>
Agency	<u>\$ 1,983,295</u>	<u>\$ 119,084</u>	<u>\$ -</u>	<u>\$ 1,864,211</u>	<u>\$ 1,983,295</u>

**INVESTMENTS**

Investments (included above) consists of certificates of deposit and they are stated at cost, which approximates fair market value. Investments consist of securities with original maturities in excess of 90 days. Investing is performed in accordance with investment policies complying with state statutes.

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE C: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**INVESTMENTS (CONTINUED)**

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's investments are as follows:

- (1) Insured or securities held by the Township or the Township's agent in the Township's name.
- (2) Uninsured with securities held by the counter party's trust department or its agent in the Township's name.
- (3) Uninsured with securities held by the counter party's trust department or agent but not in the Township's name.

**NOTE D: RECEIVABLES**

Receivables consist of the following:

Delinquent Taxes and Assessments

County of Roscommon bonds for tax collection and pays balances due various taxing authorities during May of each year

Special Revenue Funds

Ambulance runs	\$ 130,567
Less allowance for uncollectibles	<u>(49,687)</u>
	<u>\$ 80,880</u>

Estimated proceeds from Estate

Contribution (Sale of Home – Net Proceeds)	<u>\$ 180,000</u>
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Improvement Loan Program Receivables \$ 61,068

**TOTAL RECEIVABLES** \$ 321,949

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE E: INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables consist of:

Monies collected in the property tax collection fund and not disbursed to the various funds at March 31, 2008.

<u>INTERFUND RECEIVABLES</u>		<u>INTERFUND PAYABLES</u>	
General Fund	\$ 443,212	Agency Fund	<u>\$ 1,983,295</u>
Fire Fund	275,861		
Road Fund	137,908		
Trash Pickup Fund	313,220		
Police Fund	281,893		
Streetlight Fund	137,908		
Ambulance Fund	<u>393,293</u>		
Total	<u>\$ 1,983,295</u>		

**NOTE F: INSURANCE**

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters. The Township participated in the Michigan Municipal Liability and Property Pool, a self-insured group. The pool is considered a public entity risk pool. The Township pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expense for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage, nor were there any significant claims for the year. The Township carries commercial insurance for other potential losses, including employee health and accident insurance.



**TOWNSHIP OF DENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2008**

**NOTE G: CAPITAL ASSETS**

	<u>CAPITAL ASSETS NOT DEPRECIATED</u>		<u>CAPITAL ASSETS DEPRECIATED</u>				
	<u>Land &amp; Improv</u>	<u>Buildings</u>	<u>Furniture &amp; Fixtures</u>	<u>Machinery &amp; Equipment</u>	<u>Infrastructure</u>	<u>Sewage System</u>	<u>Totals</u>
<b>Governmental Activities</b>							
Balance, April 1, 2007	\$ 342,738	\$ 2,439,991	\$ 85,909	\$ 1,966,064	\$ 107,482	\$ -	\$ 4,942,184
Increases	-	807,020	-	15,140	-	-	822,160
Decreases	-	-	-	-	-	-	-
Balance, March 31, 2008	<u>342,738</u>	<u>3,247,011</u>	<u>85,909</u>	<u>1,981,204</u>	<u>107,482</u>	<u>-</u>	<u>5,764,344</u>
<b>Governmental Activities Accumulated Depreciation</b>							
Balance, April 1, 2007	-	862,902	56,654	1,115,084	9,244	-	2,043,864
Increases	-	61,877	8,088	152,123	4,414	-	226,502
Decreases	-	-	-	-	-	-	-
Balance, March 31, 2008	<u>-</u>	<u>924,779</u>	<u>64,742</u>	<u>1,267,187</u>	<u>13,658</u>	<u>-</u>	<u>2,270,366</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 342,738</u>	<u>\$ 2,322,232</u>	<u>\$ 21,167</u>	<u>\$ 714,017</u>	<u>\$ 93,824</u>	<u>\$ -</u>	<u>\$ 3,493,978</u>
<b>Business-Type Activities</b>							
Balance, April 1, 2007	\$ -	\$ 17,000	\$ -	\$ -	\$ -	\$ 12,185,191	\$ 12,202,191
Increases	-	-	-	-	-	-	-
Decreases	-	17,000	-	-	-	12,185,191	2,202,191
Balance, March 31, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accumulated Depreciation</b>							
Balance, April 1, 2007	\$ -	\$ 5,950	\$ -	\$ -	\$ -	\$ 5,025,791	\$ 5,031,741
Increases	-	-	-	-	-	-	-
Decreases	-	5,950	-	-	-	5,025,791	5,031,741
Balance, March 31, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Primary Government Capital Assets, Net</b>	<u>\$ 342,738</u>	<u>\$ 2,322,232</u>	<u>\$ 21,167</u>	<u>\$ 714,017</u>	<u>\$ 93,824</u>	<u>\$ -</u>	<u>\$ 3,493,978</u>

Depreciation expense was charged to functions of the Township as follows:

**Governmental Activities**

Township Administration	\$ 37,099
Parks & Recreation	9,276
Public Safety	168,195
Health & Welfare	7,518
Public Works	4,414
Total	<u>\$ 226,502</u>

**TOWNSHIP OF DENTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2008**

**NOTE H: LONG-TERM DEBT**

	Balance April 1 <u>2007</u>	<u>Additions</u>	<u>Retirements</u>	Balance March 31 <u>2008</u>	Due Within One Year
<b><u>Governmental Activities</u></b>					
<i>Major Governmental Fund</i>					
Copier Capital Lease	\$ 706	\$ -	\$ 706	\$ -	\$ -
Ambulance Building	355,000	770,000	18,000	1,107,000	19,000
<i>Non Major Governmental Fund</i>					
Fire Truck Note	204,223	-	29,970	174,253	31,142
Total	<u>\$ 559,929</u>	<u>\$770,000</u>	<u>\$ 48,676</u>	<u>\$1,281,253</u>	<u>\$ 50,142</u>
<b><u>Business-type Activities</u></b>					
<i>Major Enterprise Fund</i>					
Sewer Bonds-1993 Issue	<u>\$1,305,000</u>	<u>\$ -</u>	<u>\$185,000</u>	<u>\$1,120,000</u>	<u>\$ 190,000</u>
Total Government Long-term Debt	<u>\$1,864,929</u>	<u>\$770,000</u>	<u>\$233,676</u>	<u>\$2,401,253</u>	<u>\$ 240,142</u>

**FIRE TRUCK NOTE**

In October 2004, the Township borrowed \$260,000 to finance the purchase of a rescue truck under an installment purchase agreement. Payments are \$37,726 annually for eight years, including interest at 3.91%. The balance on March 31, 2008 was \$174,253.

**SEWER BONDS**

1993 Limited tax general obligation bond – original bond amount was \$3,500,000. Annual principal payments range from \$145,000 - \$210,000, plus semi-annual interest payments at a rate of 2%. Balance at March 31, 2008 was \$1,120,000.

**CAPITAL LEASE**

The Township purchased a Sharp Copier January 7, 2003 under a capital lease which requires monthly payments of \$88.04 with a purchase option after 60 months for \$1.00. Current year lease expense \$706.

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE H: LONG-TERM DEBT (CONTINUED)**

**AMBULANCE BUILDING BOND/NOTE**

2006 Limited Tax General Obligation bond- Original bond amount \$1,125,000. Annual principal payments range from \$18,000 to \$66,000, plus semi-annual interest payments at a rate of 4.375%. The bond is with the U.S. Department of Agriculture, Rural Development, and has the characteristics of a construction loan as of March 31. The Township has repaid \$18,000 during the year and drew down \$770,000. The outstanding balance at year end was \$1,120,000.

The annual principal/lease requirements for all debt including the \$1,125,000 bond as of March 31, 2008, are as follows:

	<u>Sewer Bonds</u>	<u>Fire Truck</u>	<u>Ambulance</u>
2008	185,000	29,970	18,000
2009	190,000	31,142	19,000
2010	195,000	32,360	20,000
2011	200,000	33,625	21,000
2012	200,000	34,940	22,000
2013	205,000	42,186	23,000
2014	130,000	-	24,000
2015	-	-	25,000
2016	-	-	26,000
2017	-	-	27,000
After	-	-	900,000
	<u>\$ 1,305,000</u>	<u>\$ 204,223</u>	<u>\$ 1,125,000</u>

**ACCRUED INTEREST**

GASB Statement No. 34 requires interest to be accrued for the long-term debt of governmental activities for the government-wide financial statements. Proprietary funds (sewer) have always recorded accrued interest, as they are governed by FASB guidelines. The government-wide financial statements include the following accrued interest balances at March 31, 2008: \$8,800.

Total interest expense for the Township for the year approximated \$48,000.

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE I: ACCRUED LIABILITIES**

Accrued Liabilities consists of the following:

Interest	\$ 8,800
Compensated Absences	53,772
Unearned Revenue	18,011
	<u>\$ 80,583</u>

**NOTE J: FUND BALANCE/NET ASSETS**

The Township Board has taken action to reserve \$18,000 worth of medical supplies on hand at March 31, 2008.

**NOTE K: PENSION PLAN**

The Township of Denton contributes to a pension plan which is a defined contribution pension plan administered by the Manufacturers Life Insurance Company.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under the Township's defined contribution pension plan, the benefits a participant will receive depends on the amount contributed to the participant's account and the returns earned on investments of those contributions.

All full-time employees and elected officials between the ages of 18-75 are eligible to participate in the plan. Contributions made by the Township and employees are fully vested after the third full year. The participant will receive all vested benefits upon termination of employment with the Township.

The plan requires the Township to contribute 10% of the eligible employees wages. Additionally, each participant contributes 10% of their salary. The Township has met all pension obligations for the year ended March 31, 2008.

In addition, employees may make voluntary contributions up to 5% of compensation. The Township's contribution for the year totaled \$74,886.

No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

**TOWNSHIP OF DENTON  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

**NOTE M: COMMITMENTS**

In March 2003, the Township entered into a 5-year contract commencing May 1, 2003 and ending March 31, 2008 with Waste Management of Michigan, Inc. for trash collection services. This monthly fee for services is \$5.54 per livable residential dwelling/unit for the first year and may increase 3% in subsequent years.

The Township signed a Purchase Agreement on land for \$720,000 to be used for a proposed park on July 25, 2005. A \$15,000 non-refundable fee was paid in consideration for delay of closing the transaction until May 31, 2007 due to funding options being pursued by the Township. This closing date was subsequently amended to May 31, 2008 on February 8, 2007.

**TOWNSHIP OF DENTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
<b>REVENUES</b>				
Property Taxes and Assessments	\$ 390,456	\$ 390,456	\$ 410,097	\$ 19,641
Intergovernmental:				
State Shared Revenue	325,000	325,000	400,211	75,211
Trailer Tax	1,074	1,074	1,274	200
Swamp Tax	6,439	6,439	6,439	-
Charges for Services:				
Cemetery Services	10,000	10,000	10,705	705
Rehab Program Payments	21,000	21,000	15,728	(5,272)
Summer Tax Collection Fees	16,000	16,000	16,000	-
Other Fees	41,300	41,300	124,653	83,353
Rent	14,100	14,100	14,100	-
Licenses and Permits	3,570	3,570	2,816	(754)
Interest	50,000	50,000	128,268	78,268
Other	369,279	369,279	16,397	(352,882)
Total Revenues	<u>\$ 1,248,218</u>	<u>\$ 1,248,218</u>	<u>\$ 1,146,688</u>	<u>\$ (101,530)</u>

**EXPENDITURES**

**GENERAL GOVERNMENT**

**Township Board:**

Salaries - Permanent Employees	\$ 44,244	\$ 44,244	\$ 44,178	\$ 66
Salaries - Board	8,224	8,224	8,226	(2)
Fringe Benefits	43,238	43,238	42,323	915
Office Supplies	18,000	18,000	17,826	174
Repairs and Maintenance	1,300	1,300	2,384	(1,084)
Professional Services	34,500	34,500	30,227	4,273
Transportation and Meals	300	300	505	(205)
Community Promotion	1,000	1,000	-	1,000
Printing and Publishing	2,200	2,200	2,902	(702)
Insurance and Bonds	14,500	14,500	14,448	52
Membership, Dues and Education	6,500	6,500	6,929	(429)
Miscellaneous / Contingency	76,000	202,000	136,961	65,039
Equipment	1,000	1,000	299	701
Total Township Board	<u>251,006</u>	<u>377,006</u>	<u>307,208</u>	<u>69,798</u>

**TOWNSHIP OF DENTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
<b>Supervisor:</b>				
Salary	39,923	39,923	39,923	-
Fringe Benefits	10,496	10,496	8,916	1,580
Office Supplies	100	100	-	100
Membership, Dues and Education	1,800	1,800	1,997	(197)
Transportation and Meals	1,000	1,000	451	549
Equipment	1,400	1,400	-	1,400
Miscellaneous	-	-	10	(10)
Total Supervisor	54,719	54,719	51,297	3,422
<b>Assessor:</b>				
Salaries	71,139	71,139	71,215	(76)
Fringe Benefits	26,055	26,055	25,436	619
Office Supplies	6,500	6,500	5,442	1,058
Membership, Dues and Education	1,500	1,500	1,240	260
Transportation and Meals	900	900	479	421
Equipment	500	500	577	(77)
Maintenance	600	600	27	573
Misc Expense	250	250	-	250
Professional Services	200	200	-	200
Total Assessor	107,644	107,644	104,416	3,228
<b>Election Board:</b>				
Wages	5,500	5,500	3,208	2,292
Fringe Benefits	421	421	87	334
Printing and Publishing	75	75	-	75
Transportation and Meals	150	150	16	134
Equipment and Other	1,550	1,550	203	1,347
Office Supplies	1,000	1,000	623	377
Total Election Board	8,696	8,696	4,137	4,559
<b>Computer Department:</b>				
Equipment and Supplies	18,600	18,600	16,467	2,133

**TOWNSHIP OF DENTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
<b>Township Clerk:</b>				
Salaries	34,200	34,200	34,200	-
Fringe Benefits	18,239	18,239	17,884	355
Office Supplies	100	100	-	100
Membership, Dues and Education	1,900	1,900	1,243	657
Transportation and Meals	400	400	390	10
<b>Total Township Clerk</b>	<b>54,839</b>	<b>54,839</b>	<b>53,717</b>	<b>1,122</b>
<b>Township Treasurer:</b>				
Salaries	34,200	34,200	34,200	-
Fringe Benefits	9,489	9,489	9,582	(93)
Office Supplies	6,900	6,900	5,550	1,350
Transportation and Meals	400	400	358	42
Membership, Dues and Education	2,800	2,800	2,275	525
<b>Total Township Treasurer</b>	<b>53,789</b>	<b>53,789</b>	<b>51,965</b>	<b>1,824</b>
<b>Board of Review:</b>				
Contract Labor and Wages	1,292	1,292	1,550	(258)
Miscellaneous	800	800	393	407
<b>Total Board of Review</b>	<b>2,092</b>	<b>2,092</b>	<b>1,943</b>	<b>149</b>
<b>Township Hall and Grounds:</b>				
Office Supplies	3,850	3,850	4,388	(538)
Repairs and Maintenance	11,000	11,000	7,459	3,541
Communications	5,500	5,500	4,829	671
Utilities	20,891	20,891	19,676	1,215
Equipment	5,000	5,000	284	4,716
Building/Land	58,500	77,500	60,109	17,391
Miscellaneous	800	800	325	475
<b>Total Township Hall and Grounds</b>	<b>105,541</b>	<b>124,541</b>	<b>97,070</b>	<b>27,471</b>



**TOWNSHIP OF DENTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
<b>Cemetery:</b>				
Wages and Fringe Benefits	5,383	5,383	5,694	(311)
Office Supplies	1,500	1,500	2,090	(590)
Utilities	125	125	185	(60)
Repair and Maintenance	2,000	2,000	313	1,687
Insurance	500	500	446	54
Building and Land	60,000	60,000	-	60,000
Equipment and Other	1,300	1,300	429	871
<b>Total Cemetery</b>	<b>70,808</b>	<b>70,808</b>	<b>9,157</b>	<b>61,651</b>
<b>Total General Government</b>	<b>727,734</b>	<b>872,734</b>	<b>697,377</b>	<b>175,357</b>
<b>PUBLIC SAFETY</b>				
<b>Total Public Safety</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMMUNITY AND ECONOMIC DEVELOPMENT</b>				
<b>Zoning:</b>				
Salaries	29,212	29,212	24,774	4,438
Fringe Benefits	8,386	8,386	9,457	(1,071)
Office Supplies	100	100	-	100
Professional Services	7,500	7,500	3,418	4,082
Printing and Publishing	1,500	1,500	1,039	461
Membership, Dues and Education	2,500	2,500	605	1,895
Transportation and Meals	800	800	444	356
Miscellaneous	200	200	-	200
<b>Total Zoning</b>	<b>50,198</b>	<b>50,198</b>	<b>39,737</b>	<b>10,461</b>
<b>Total Community and Economic Development</b>	<b>50,198</b>	<b>50,198</b>	<b>39,737</b>	<b>10,461</b>

**TOWNSHIP OF DENTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**YEAR ENDED MARCH 31, 2008**

	<b>ORIGINAL BUDGET</b>	<b>FINAL AMENDED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)</b>
<b>PUBLIC WORKS</b>				
<b>Maintenance:</b>				
Wages	101,287	101,287	100,380	907
Fringe Benefits	37,264	37,264	35,592	1,672
Office/Operating Supplies	1,200	1,200	1,274	(74)
Uniforms	800	800	118	682
Repair/Maintenance	3,000	3,000	1,677	1,323
Mileage	3,500	3,500	4,154	(654)
Equipment	7,500	17,500	17,097	403
Total Public Works	154,551	164,551	160,292	4,259
Total Expenditures	932,483	1,087,483	897,406	190,077
Excess (Deficiency) of Revenues over Expenditures	315,735	160,735	249,282	88,547
<b>OTHER FINANCING USES:</b>				
Roads	148,854	148,854	148,854	-
Recreation/Park	45,344	45,344	45,344	-
Trash	120,537	120,537	120,537	-
Total Other Financing Uses	314,735	314,735	314,735	-
Excess (Deficiency) of Revenues over Expenditures and Other Uses	1,000	(154,000)	(65,453)	88,547
Fund Balance - April 1	1,534,627	1,534,627	1,534,627	-
Fund Balance - March 31	\$ 1,535,627	\$ 1,380,627	\$ 1,469,174	\$ 88,547

**TOWNSHIP OF DENTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**AMBULANCE FUND**  
**YEAR ENDED MARCH 31, 2008**

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)
<b>REVENUES</b>				
Property Taxes and Assessments	\$ 371,221	\$ 371,221	\$ 383,969	\$ 12,748
Charges for Services:				
Insurance Reimbursements	504,100	504,100	500,670	(3,430)
Intercept Fees	190,000	190,000	147,250	(42,750)
Training Program Fees	15,000	15,000	11,010	(3,990)
Interest	10,000	10,000	17,649	7,649
Donations	-	160,000	158,339	(1,661)
Other	10,000	10,000	2,848	(7,152)
Total Revenues	\$ 1,100,321	\$ 1,260,321	\$ 1,221,735	\$ (38,586)
<b>EXPENDITURES</b>				
Public Safety:				
Salaries, Wages and Payroll Taxes	\$ 720,892	\$ 720,892	\$ 640,283	\$ 80,609
Health Insurance	53,560	53,560	46,218	7,342
Pension	33,191	33,191	33,112	79
Supplies and Uniforms	58,103	58,103	30,720	27,383
Repairs and Maintenance	27,500	35,400	34,567	833
Miscellaneous	19,763	19,763	2,938	16,825
Professional Services	2,000	2,000	14,272	(12,272)
Insurance	23,000	23,000	24,133	(1,133)
Education and Training	52,200	52,200	43,658	8,542
Capital Outlay	795,000	844,000	876,132	(32,132)
Utilities	15,112	15,112	13,472	1,640
Payment to USDA	-	46,166	46,166	-
Total Expenditures	1,800,321	1,903,387	1,805,671	97,716
Excess (Deficiency) of Revenues over Expenditures	(700,000)	(643,066)	(583,936)	59,130
<b>OTHER FINANCING SOURCES</b>				
Loan Proceeds	770,000	770,000	770,000	-
Excess of Revenues and Other Financing Sources Over Expenditures	(70,000)	(126,934)	186,064	59,130
Fund Balance - April 1	875,165	875,165	875,165	-
Fund Balance - March 31	\$ 945,165	\$ 1,002,099	\$ 1,061,229	\$ 59,130

**TOWNSHIP OF DENTON**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**TRASH FUND**  
**YEAR ENDED MARCH 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FROM FINAL AMENDED BUDGET (UNFAVORABLE)</u>
<b>REVENUES</b>				
Taxes and Assessments	\$ 284,140	\$ 284,140	\$ 313,220	\$ 29,080
Other Income/Transfers	123,287	123,287	123,978	691
Total Revenues	<u>\$ 407,427</u>	<u>\$ 407,427</u>	<u>\$ 437,198</u>	<u>\$ 29,771</u>
 <b>EXPENDITURES</b>				
<b>Public Works:</b>				
Salaries and Benefits	\$ 29,077	\$ 29,077	\$ 28,120	\$ 957
Supplies	1,000	1,000	977	23
Repairs and Maintenance	3,000	3,000	6,873	(3,873)
Professional Fees	550	550	700	(150)
Miscellaneous	2,500	2,500	2,232	268
Trash Collection Costs	350,000	350,000	342,322	7,678
Utilities	1,300	1,300	1,443	(143)
Capital Outlay	20,000	20,000	12,300	7,700
Total Expenditures	<u>407,427</u>	<u>407,427</u>	<u>394,967</u>	<u>12,460</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>42,231</u>	<u>42,231</u>
Fund Balance - April 1	<u>105,434</u>	<u>105,434</u>	<u>105,434</u>	<u>-</u>
Fund Balance - March 31	<u><u>\$ 105,434</u></u>	<u><u>\$ 105,434</u></u>	<u><u>\$ 147,665</u></u>	<u><u>\$ 42,231</u></u>

**TOWNSHIP OF DENTON**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**MARCH 31, 2008**

ASSETS	STREET LIGHTS	FIRE	MOBILE HOME	ROAD	POLICE	RECREATIONAL PARK	TOTAL
Cash	\$ 156,251	\$ 306,088	\$ 97,378	\$ 40,902	\$ (50,434)	\$ 17,199	\$ 567,384
Delinquent Taxes Receivable	-	-	-	-	-	-	-
Special Assessment Receivable	-	-	-	-	-	-	-
Due From Other Funds	137,908	275,861	-	137,908	281,893	-	833,570
Accounts Receivable	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total Assets	294,159	581,949	97,378	178,810	231,459	17,199	1,400,954
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Fund Balances:</b>							
Designated	-	-	-	-	-	-	-
Undesignated	294,159	581,949	97,378	178,810	231,459	17,199	1,400,954
Total Liabilities and Fund BalancesEq	\$ 294,159	\$ 581,949	\$ 97,378	\$ 178,810	\$ 231,459	\$ 17,199	\$ 1,400,954

**TOWNSHIP OF DENTON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED MARCH 31, 2008**

	STREET LIGHTS	FIRE	MOBILE HOME	ROAD	POLICE	RECREATIONAL PARK	TOTAL
<b>REVENUES</b>							
Taxes and Assessments	\$ 134,638	\$ 269,323	\$ -	\$ 134,638	\$ 275,165	\$ -	\$ 813,764
State Grants	-	-	-	-	8,537	-	8,537
Charges for Services	-	8,500	20,140	-	587	-	29,227
Other	3,695	24,779	62,724	3,695	12,742	-	107,635
Total Revenues	138,333	302,602	82,864	138,333	297,031	-	959,163
<b>EXPENDITURES</b>							
Personnel Services	-	91,903	22,360	-	206,577	9,761	330,601
Supplies and Repairs	-	11,207	9,760	-	5,101	3,473	29,541
Utilities	56,842	10,414	13,997	-	2,877	1,667	85,797
Insurance	-	19,123	2,756	-	11,983	-	33,862
Roads	-	-	-	245,019	-	-	245,019
Professional Services	500	1,250	500	700	700	500	4,150
Miscellaneous	-	4,968	1,336	-	11,293	365	17,962
Debt Retirement	-	37,726	-	-	-	-	37,726
Capital Outlay	29,203	38,257	51,476	-	30,023	20,248	169,207
Total Expenditures	86,545	214,848	102,185	245,719	268,564	36,014	953,865
Excess (Deficiency) of Revenues Over Expenditures	51,788	87,754	(19,321)	(107,386)	28,477	(36,014)	5,298
<b>OTHER FINANCING SOURCES (USES)</b>							
Operating Transfers	-	-	-	148,854	-	45,344	194,198
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	51,788	87,754	(19,321)	41,468	28,477	9,330	199,496
Fund Balance - April 1	242,371	494,195	116,699	137,342	202,982	7,869	1,201,458
Fund Balance - March 31	\$ 294,159	\$ 581,949	\$ 97,378	\$ 178,810	\$ 231,459	\$ 17,199	\$ 1,400,954

**TOWNSHIP OF DENTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED MARCH 31, 2008**

<b>FEDERAL GRANTOR PASS-THROUGH GRANTOR <u>PROGRAM OR CLUSTER TITLE</u></b>	<b><u>FEDERAL CFDA NUMBER</u></b>
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**U.S. Department of Agriculture**

Community Facilities Loans and Grants	10.766
---------------------------------------	--------

**Total U.S. Department of Agriculture**

**TOTAL**

<b>PASS-THROUGH GRANTOR'S NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
Loan 97-01	\$ <u>1,125,000</u>
	\$ <u>1,125,000</u>
	\$ <u>1,125,000</u>

See independent auditor's report



**TOWNSHIP OF DENTON**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED MARCH 31, 2008**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Township of Denton and is presented in accordance with generally accepted accounting principles, as discussed in our report on pages 1 and 2. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B – LOANS OUTSTANDING**

The Township of Denton issued a 2006 General Obligation Limited Tax Bond with the U.S. Department of Agriculture Rural Development that has the characteristics of a construction loan for the purpose of constructing a new Ambulance building. The Township took draws of \$770,000 and \$355,000 during the fiscal years ended March 31, 2008 and 2007 for the total amount authorized of \$1,125,000. The total amount of the obligation is included in the federal expenditures presented in the schedule.

At March 31, 2008, the Township of Denton had \$1,107,000 outstanding.



**Keskin, Cook, Miller & Alexander, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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Joseph G. Okrei, CPA (Ret.)  
Walter J. Keskin, CPA (Ret.)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

June 1, 2008

Township Board  
Denton Township  
Roscommon County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Denton (the Township) as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

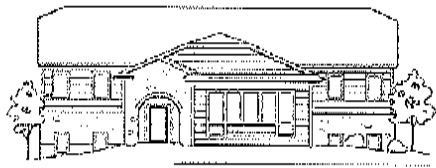
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Township Board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
**Keskine, Cook, Miller & Alexander LLP**



**Keskin, Cook, Miller & Alexander, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Walter J. Keskin, CPA  
Jeffrey B. Cook, CPA  
Richard W. Miller, CPA  
Ronald D. Alexander, CPA  
Curt A. Reppuhn, CPA

June 1, 2008

Township of Denton  
Roscommon County, Michigan

We have audited the financial statements of the Township of Denton for the year ended March 31, 2008, and have issued our report thereon dated June 1, 2008. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated March 1, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Township of Denton. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

**Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Denton are described in the notes to the financial statements.

We noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

**Accounting Estimates**

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. The following attached pages summarize the adjustments that were proposed to management and made to the audited financial statements.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Difficulties Encountered in Performing the Audit**

The Township of Denton's accounting records were well organized and we are happy to report that there were no difficulties in performing the audit.

### ***Comments and Recommendations***

In planning and performing our audit of the financial statements of the Township of Denton, we noted no items requiring comment.

This information is intended solely for the information of the Township of Denton's Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

  
Keskine, Cook, Miller & Alexander, LLP





**Keskin, Cook, Miller & Alexander, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Jeffrey B. Cook, CPA  
Richard W. Miller, CPA  
Ronald D. Alexander, CPA  
Curt A. Reppuhn, CPA

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Terry J. Distel, CPA (Ret.)  
Joseph G. Okrei, CPA (Ret.)  
Walter J. Keskin, CPA (Ret.)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

June 1, 2008

Township Board  
Denton Township  
Roscommon County, Michigan

Compliance

We have audited the compliance of the Township of Denton (the Township) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended March 31, 2008. The Township's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township of Denton's compliance with those requirements.

In our opinion, the Township of Denton complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended March 31, 2008.

### Internal Control Over Compliance

The management of the Township of Denton (the Township) is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Township's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Township Board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Keskine, Cook, Miller & Alexander LLP

**TOWNSHIP OF DENTON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED MARCH 31, 2008**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Township of Denton.
2. No reportable conditions relating to the audit of the financial statements are reported in the *Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Township of Denton were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs as reported in the *Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133*.
5. The auditor's report on compliance for the major federal award programs for the Township of Denton expresses an unqualified opinion on all major federal programs.
6. No audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The Township's Community Facilities Loans and Grants Program (CFDA 10.766) was tested as a major program.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Township of Denton was not determined to be a low-risk audit.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None



**TOWNSHIP OF DENTON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED MARCH 31, 2008**

None